

# Service Quality of Organised Retail Stores - A Servqual Approach

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**Abstract**

Retail industry is facing challenges due to intense competition and changing market conditions. Their competition is mainly based on service quality. But it is somewhat difficult to measure Service Quality Because Of Intangibility, Inconsistence, Inseparability and Non Inventory. Among the measurement models available for measuring service quality SERVQUAL MODEL is more accepted in research and Industry. The main objective of this study is to measure Service Quality of organized retail stores. A Convience sample of 382 respondents was taken for data collection. For analysis mean, Reliability analysis, Factor analysis and paired t-test were employed.

**Key words:** Service Quality, SERVQUAL MODEL, Reliability analysis, Factor analysis, paired t-test.

**Introduction**

**A) Service Quality Importance:**

Nowadays service quality has become one of the important determinants in measuring the success of industries. Marketers agree that service quality has truly presented a significant influence on customers to distinguish competing organizations and contribute effectively to customer satisfaction (Parasuraman, Zeithaml, and Berry, 1985; Mersha, 1992; Avkiran, 1994; Marshal and Murdoch, 2001).Service Quality foster customer loyalty (Heskett et al, 1997), and ultimately impacting upon ‘long-term market share and profitability (Yang and Chen, 1991). Among the models SERVQUAL model is mostly accepted model for measuring service quality

Service quality has become a major area of interest of practitioners, managers and researchers because of its impact on customer satisfaction, customer loyalty, and of course, company profitability (Zekiri, 2011).

**SERVQUAL model**

For measuring service quality SERVQUAL Model usage is high. It was developed by Parasuraman .Originally 10 dimensions of service quality were proposed (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the consumer, and tangibles). Later these were reduced to five (reliability, responsiveness, empathy, assurances and tangibles). Three of the original dimensions remained intact i.e. tangibles, reliability and responsiveness. Assurance and Empathy were introduced but they were consequences of pooling competence, courtesy, credibility and security (Assurance) and access, communication and understanding the customer (Empathy). The later model of five quality dimensions considered the following issues.

**Table No- 1**

Dimension	Measure
Reliability	Ability to perform the promised service dependably and Accurately
Assurance	Knowledge and accuracy of employees and their ability to Convey trust and confidence.
Tangibles	Appearance of physical facilities equipment, personnel and Communication materials (physical evidence of facilities).
Empathy	Caring, individualized attention the firm provides to its customers
Responsiveness	Willingness to help customer and provide prompt service

Source: Parasuraman et.al.

### **Statement of the Problem**

Along with the economic growth retail sector also provides competition among players. Their competition mainly based on service quality. So in winning competition they need to consider Service quality

### **Objectives of the Study**

The main objectives of the study are

- 1) To know socio-economic profile of the respondents
- 2) To Study Service Quality of Organized retail stores
- 3) To Study the relation between satisfaction with service quality and Brand Switch

### **Hypotheses**

Based on the objectives the following hypotheses were formulated

- 1) H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of tangible dimension
- 2) H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of reliability dimension
- 3) H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of empathy dimension
- 4) H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of Assurance dimension
- 5) H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of responsiveness dimension
- 6) H<sub>0</sub>: There is no relation between Service quality and Brand Switch

### **Methodology of Study:**

For this study the following methodology is followed:

Sampling Method : Convenience sampling  
Sample Size : 382  
Primary Data : Questionnaire.  
Secondary Data : Journals, Magazines, Books, Websites.  
Data analysis : Mean, Reliability analysis, Factor analysis, paired t-test, Correlation analysis were applied for data analysis

### **Demographics**

Demographics of the respondents for this study are as follows. Gender: Males 208, Females 174, Education: Up to Inter/Diploma=92, UG=156, PG and above=134, Age 30 and below =106, 31-40years=164, 41 and above=112, Income Levels: Below 200000= 112, 200001-300000=136, 300001-400000=73, 400001 and above =61, Marital Status: Married= 248 unmarried=134

### **Goodness of the Data:**

#### **Validity**

Validity of the questionnaire was assessed by Factor analysis (Exploratory). Exploratory Factor Analysis was extracted five dimensions in both Perceptions and Expectations. Named them as Tangibles, Reliability, Responsiveness, Assurance and Empathy. Bartlett's test of sphericity is significant  $p < .02$ , and KMO (Kaiser-Meyer-Olkin) value .801 for Expectations and for Perceptions Bartlett's test of sphericity is significant  $p < .0423$ , and KMO (Kaiser-Meyer-Olkin) value .715

#### **Reliability**

Reliability test was administered to establish the goodness of data. In statistics, reliability is the consistency of a set of measurements. For this study Cronbach's Alpha coefficient was calculated

**Table-2: Five Dimensions and their reliability**

S.NO	Dimension	Expectations Cron Bachs Alpha	Perceptions Cron Bachs Alpha
1	Tangibles	.724	.752
2	Reliability	.812	.727
3	Responsiveness	.701	.814
4	Assurance	.762	.786
5	Empathy	.902	.703
6	Total Scale	.781	.864

Source: Primary Data

Cranach’s alpha for all dimensions is more than .70 hence the data is reliable for further analysis

**Service quality gaps**

**Table-3: Service quality gaps**

S.NO	Dimension	Expectations Average	Perceptions Average	Gaps
1	Tangibles	4.72	3.95	-0.77
2	Reliability	4.67	3.82	-0.85
3	Assurance	4.48	3.68	-0.80
4	Responsiveness	4.71	3.42	-1.29
5	Empathy	4.62	3.57	-1.05

Source: Primary data

From table -3 it is interpreted that in all dimensions have service quality gaps but it is serious in Responsiveness followed by Empathy, Reliability, Assurance, Tangibles

**Table-4: Hypotheses**

S.N O	Dimension	Expectations Average	Perceptions Average	t- value	Significance value	Null Hypotheses	Alternative Hypotheses
1	Tangibles	4.72	3.95	39.12	0.00	Rejected	Accepted
2	Reliability	4.67	3.82	40.73	0.00	Rejected	Accepted
3	Assurance	4.48	3.68	41.85	0.00	Rejected	Accepted
4	Responsive ness	4.71	3.42	39.74	0.00	Rejected	Accepted
5	Empathy	4.62	3.57	42.03	0.00	Rejected	Accepted

Source: Primary data

**Hypothese-1**

H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of tangible dimension

**Interpretation:**

Significance value is <.05 hence Null Hypotheses is rejected and interpreted that there is difference between customer expectation and perception in terms of tangible dimension (From table-4)

**Hypothese-2**

H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of reliability dimension

**Interpretation:**

Significance value is  $<.05$  hence Null Hypotheses is rejected and interpreted that there is difference between customer expectation and perception in terms of reliability dimension (From table-4)

**Hypothes-3**

H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of empathy dimension

**Interpretation:**

Significance value is  $<.05$  hence Null Hypotheses is rejected and interpreted that there is difference between customer expectation and perception in terms of empathy dimension (From table-4)

**Hypothes-4**

H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of Assurance dimension

**Interpretation:**

Significance value is  $<.05$  hence Null Hypotheses is rejected and interpreted that there is difference between customer expectation and perception in terms of Assurance dimension (From table-4)

**Hypothes-5**

H<sub>0</sub>: There is no significant difference between customer expectation and perception in terms of responsiveness dimension

**Interpretation:**

Significance value is  $<.05$  hence Null Hypotheses is rejected and interpreted that there is difference between customer expectation and perception in terms of responsiveness dimension (From table-4)

**Service quality and Brand Switch**

H<sub>0</sub>: There is no relation between Service quality and Brand Switch

*Table No-5*

	Service quality	Brand Switch
Service quality Pearson Correlation Sig.(2-tailed)	1	-.415 .000
Brand Switch Pearson Correlation Sig.(2-tailed)	-.415 .000	1

*Source-Primary data*

**Interpretation:**

Sig .value is  $<.05$  hence rejected null hypotheses and concluded that there is a negative relation between Service quality and Brand Switch i.e. High Service quality means low Brand Switch

**Conclusion:**

All dimensions have service quality gaps but it is serious in responsiveness followed by empathy, reliability, assurance, tangibles. Retail competition mainly based on service quality .so in wining competition they need to consider above service quality gaps

It also concluded that there is a negative relation between Service quality and Brand Switch i.e. High Service quality means low Brand Switch

**Limitations**

1. Sample size was limited to 382 because of limited time which is small to represent the Whole population
2. The research was limited to Hyderabad and Secunderabad only.

3. The Study limited to only organized retail stores only

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